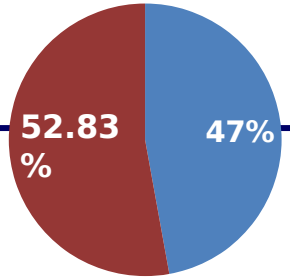
# DoD Instruction 5000.74: Defense Acquisition of Services

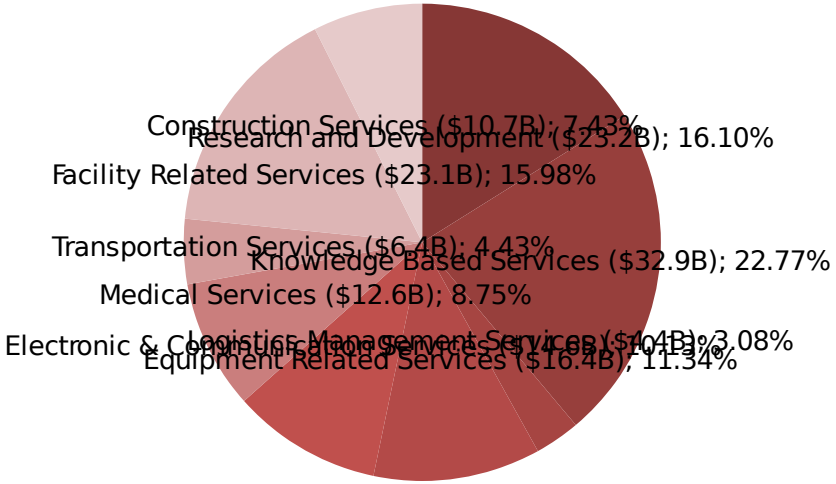
**Hot Topics**
**18 March 2016**

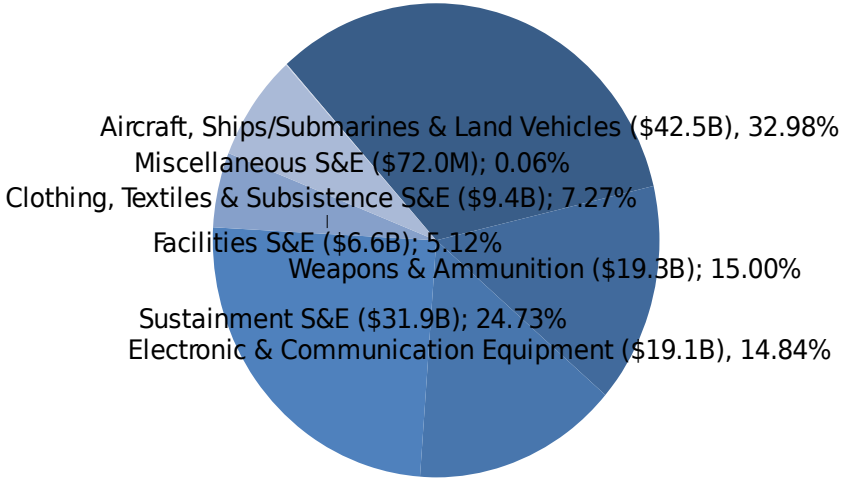
# DoD Services Acquisitions
## 53% of Spend in FY15

**Services ($144.3B)**




**S&E ($128.8B)**

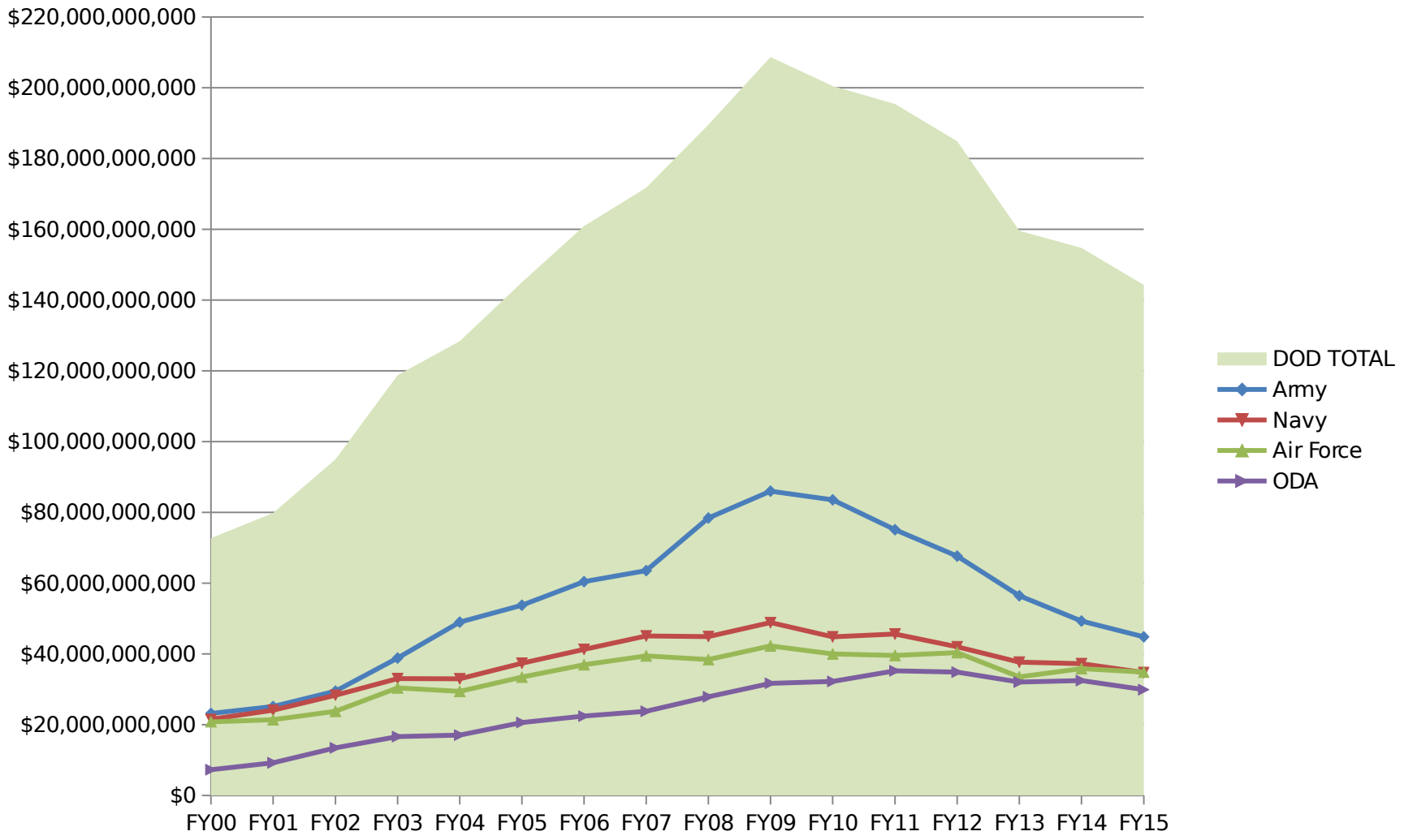

Construction Services ($10.7B); 7.43%
Research and Development ($23.2B); 16.10%
Facility Related Services ($23.1B); 15.98%
Transportation Services ($6.4B); 4.43%
Knowledge Based Services ($32.9B); 22.77%
Medical Services ($12.6B); 8.75%
Electronic & Communication Services ($4.4B); 3.08%
Logistics Management Services ($4.1B); 2.84%
Equipment Related Services ($16.4B); 11.34%


Aircraft, Ships/Submarines & Land Vehicles ($42.5B), 32.98%
Miscellaneous S&E ($72.0M); 0.06%
Clothing, Textiles & Subsistence S&E ($9.4B); 7.27%
Facilities S&E ($6.6B); 5.12%
Weapons & Ammunition ($19.3B); 15.00%
Sustainment S&E ($31.9B); 24.73%
Electronic & Communication Equipment ($19.1B), 14.84%

*Source: Business Intelligence Tool data from 12 Nov15*

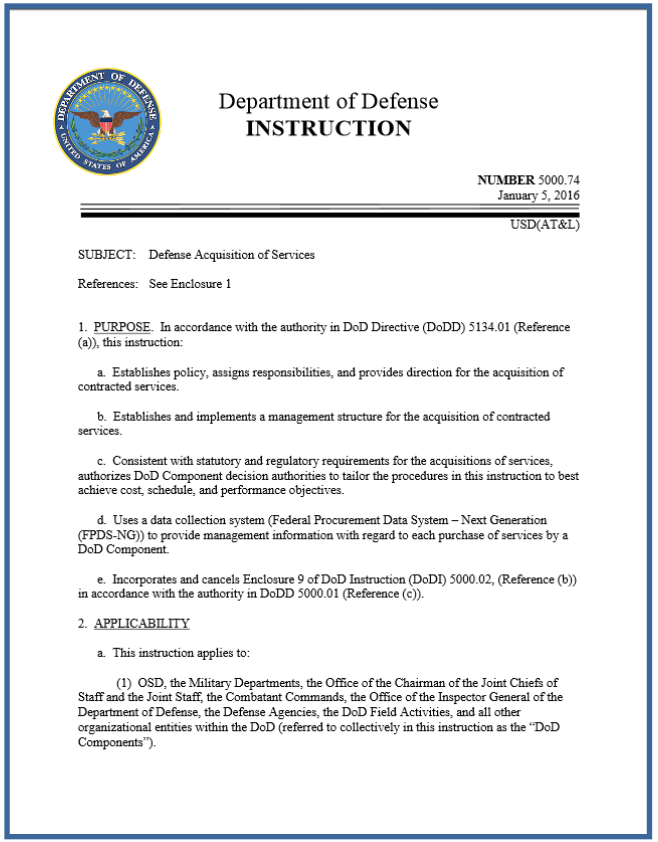
*Numbers may not add due to rounding*

# Historical Services Spend by MILDEP



# Background

- USD(AT&L) directed a new, standalone **DoD instruction on the acquisition of services**
- DoDI 5000.74 complements DoDI 5000.02 “Operation of the Defense Acquisition System” (issued 5 Jan 2016), which establishes policy for the management of all Defense acquisition programs



Department of Defense
**INSTRUCTION**

**NUMBER** 5000.74
January 5, 2016

USD(AT&L)

SUBJECT: Defense Acquisition of Services

References: See Enclosure 1

1. PURPOSE. In accordance with the authority in DoD Directive (DoDD) 5134.01 (Reference (a)), this instruction:

a. Establishes policy, assigns responsibilities, and provides direction for the acquisition of contracted services.

b. Establishes and implements a management structure for the acquisition of contracted services.

c. Consistent with statutory and regulatory requirements for the acquisitions of services, authorizes DoD Component decision authorities to tailor the procedures in this instruction to best achieve cost, schedule, and performance objectives.

d. Uses a data collection system (Federal Procurement Data System – Next Generation (FPDS-NG)) to provide management information with regard to each purchase of services by a DoD Component.

e. Incorporates and cancels Enclosure 9 of DoD Instruction (DoDI) 5000.02, (Reference (b)) in accordance with the authority in DoDD 5000.01 (Reference (c)).

2. APPLICABILITY

a. This instruction applies to:

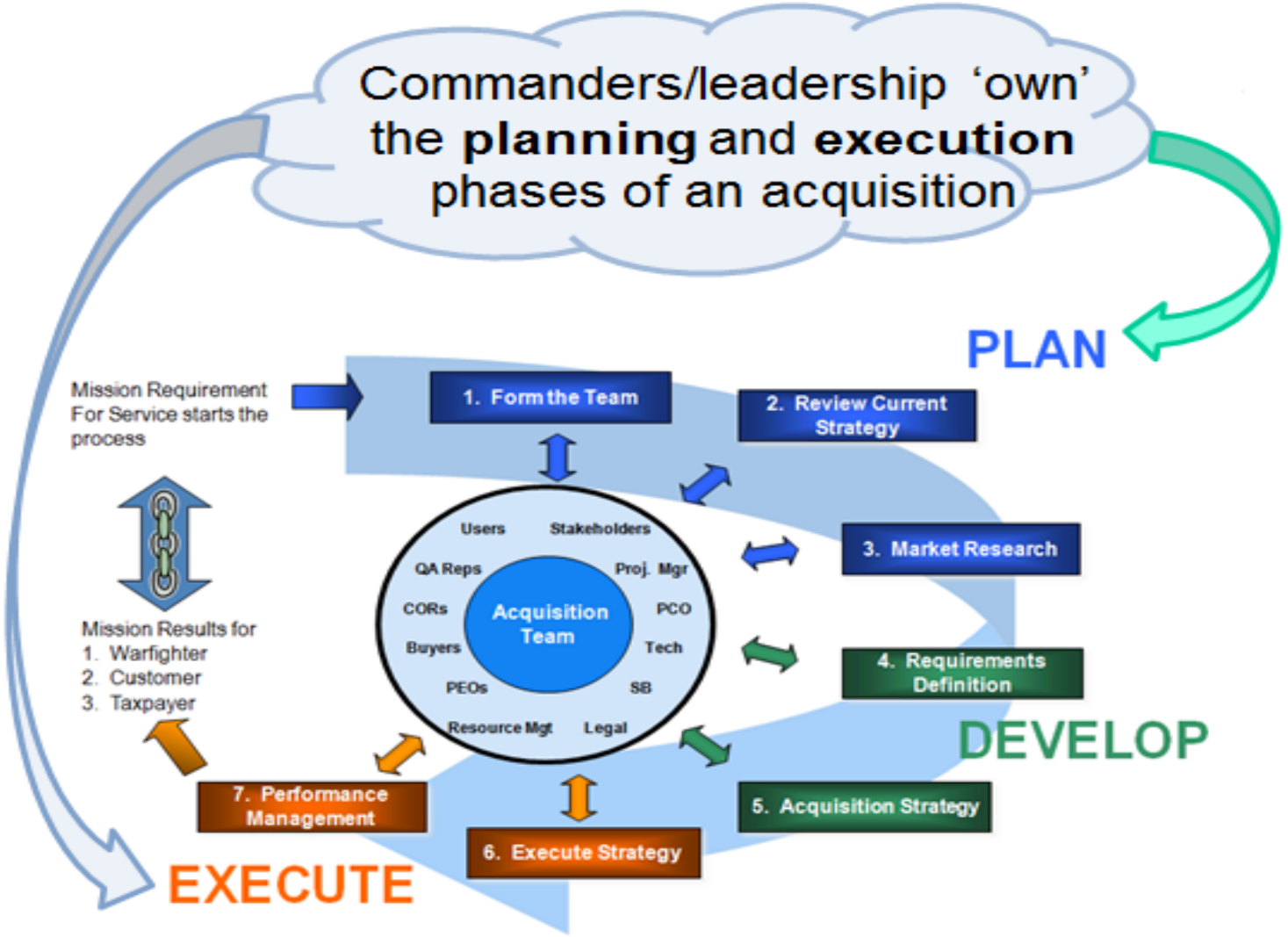
(1) OSD, the Military Departments, the Office of the Chairman of the Joint Chiefs of Staff and the Joint Staff, the Combatant Commands, the Office of the Inspector General of the Department of Defense, the Defense Agencies, the DoD Field Activities, and all other organizational entities within the DoD (referred to collectively in this instruction as the “DoD Components”).

DoDI 5000.74 is available at:
http://
www.dtic.mil/whs/directives/corres/pdf/500074p.p

# DoDI 5000.74 Contents

- DoDI 5000.74 establishes:
  - **Roles and responsibilities** of all stakeholders in Defense services acquisition
  - **Portfolio management** policies and procedures
  - Services **requirements development, validation, and oversight protocols**—including services requirements review boards (SRRBs)
  - **Data collection** requirements for services acquisitions
  - Special considerations for acquisition of **IT services**

# The DoD's Service Acquisition Process



# S-CAT Thresholds & Decision Authorities

| Category | Threshold[1] | Decision Authority |
|---|---|---|
| Services Category I | Any acquisition of services with an estimated total value of $1 billion, or more than $300 million in any one year | USD(AT&L) or designee (for 4th Estate); Military Department Service Acquisition Executive or designee (for MILDEPs) |
| Special Interest[2] | As designated by the USD(AT&L) | USD(AT&L) or designee |
| Services Category II | Acquisitions of services with an estimated total value of $250 million or more, but less than $1 billion | USD(AT&L) or designee (for 4th Estate); Military Department SAE or designee (for MILDEPs) |
| Services Category III | Acquisitions of services with an estimated total value of $100 million or more, but less than $250 million | Senior Services Manager (SSM) or designee |
| Services Category IV | Acquisitions of services with an estimated total value of $10 million or more, but less than $100 million | SSM or designee |
| Service Category V | Acquisitions of services with an estimated total value of the SAT or more, but less than $10 million | SSM or designee |

[1]Dollar threshold determined based on the Independent Government Cost Estimate in current-year dollars.

[2]The Special Interest designation is typically based on one or more of the following factors: technological complexity; congressional or administration interest; a large commitment of resources; or whether the program is critical to the achievement of a capability or set of capabilities, part of a system of systems, or a joint program.

# Leadership Roles & Responsibilities in the Acquisition of Services

- DoDI 5000.74 assigns services acquisition responsibilities to the following leaders:
  - **USD(AT&L)**, the senior official responsible for the management of the DoD's acquisition of contracted services
  - **Director, DPAP**, the staff-level lead for services acquisition
  - **USD(Personnel & Readiness)**, responsible for the DoD's Total Force Management policies, including contracted services
  - **Director, CAPE**, who establishes policies and procedures for conducting cost estimates and analysis for the acquisition of services
  - **DoD Component heads**, who implement the policies and procedures contained in DoDI 5000.74

# Other Roles & Responsibilities

- DoDI 5000.74 also assigns roles and responsibilities to:
  - **Senior Services Managers**, who are responsible for the planning, strategic sourcing, execution, and management of acquisitions of services within their Component
  - **Program Managers/Functional Services Managers**, who manage risk and structure a tailored, responsive, and efficient services acquisition program, ensuring effective delivery of services and achievement of "should cost" goals

# Portfolio Oversight

- DoD manages services portfolios in a way that promotes collaboration across organizations and promulgation of best practices and lessons learned
- 9 services acquisition portfolio groups are overseen through the **Functional Domain Expert (FDE)** structure

  - Each FDE serves as the DoD-level lead for his or her respective portfolio group
  - **Component Level Leads (CLLs)** are senior functional leaders (Army, Air Force, Navy, DLA, MDA, DHA) who support the strategic management and leadership of their respective portfolio groups

# Services Requirements Review Boards

- DoDI 5000.74 adopts an **SRRB** structure for **developing, analyzing, reviewing, and validating requirements** for the acquisition of services (at or above $10M annually)
  - Best practices outlined in DoDI 5000.74 inform the DCMO-led SRRB Senior Review Panels (SRPs) convened in FY16 for the 4th Estate, but the SRPs adopt additional provisions and expectations
  - Additional guidance and FAQs are available on DPAP SA's website

- SRRB objectives:
  - to ensure DoD services requirements meet minimum mission needs
  - to identify unneeded or low-priority requirements
  - to transfer savings to higher-priority needs
- SSMs are responsible for implementing SRRBs within their Departments/ Agencies

# SRRB Execution

- Membership and Structure
  - Should include all major stakeholders
  - Led by the requiring activity
  - Include as a minimum the customer requirements owner, financial representatives, and contracting/acquisition representatives
  - May also include legal, manpower, small business participants, etc.
- Frequency: At least annually; more often as needed
- Outcomes
  - Increased visibility and collaboration on services requirements
  - Requirements:
    - identified, explained, and justified
    - validated before a contract is solicited or renewed
    - prioritized to support funding decisions
  - Active management of services acquisitions

# IT Services

- DoDI 5000.74 includes a special consideration of **acquisition of IT services**, including:
  - Clinger Cohen Act compliance
  - Compliance with DoD cybersecurity policies and standards
  - Protection of personally identifiable information
  - Appropriate use of cloud computing

# Services Acquisition Training Videos

**Videos a**
**nd Quick Help**

**Market Research**
**Summary:** Explains market research and its importance in the acquisition process. Also includes scenarios discussing effective market research.
**Duration:** 8:31
**Alignment with DAU 7 Steps:** Step 3

**Independent Government Cost Estimate**
**Summary:** Synopsis of what's covered in video: This video provides a thorough overview of the IGCE: what it is, how it's developed and by whom, and how and why it's used in the acquisition process. In addition, it steps the viewer through the development process and addresses the elements of the ICGE.
**Duration:** 14:36
**Alignment with DAU 7 Steps:** Step 4, Requirement Definition

**http://www.acq.osd.mil/dpap/sa/Training-and-SA-FIPT/videos.html**

# Services Acquisition Training/Tools

- Revamped Services website consolidates training videos, sample documents, & templates
- New in FY2016 – Services Acquisition Training @ Southbridge, MA
  - Initial Offering DEC 2015
  - Target audience: KOs and ROs (50/50 split)
  - Highly interactive; Mix of lecture, panels, and case studies
  - DAWDF funded
  - Second Offering: 27 JUN – 01 JUL 2016

# Questions?

http://www.acq.osd.mil/dpap/sa/

Services Acquisition (SA)
Defense Procurement and Acquisition Policy
Contact Us
Search Acqweb
DPAP Home
Policies/Guides
FDEs/SSMs
SRRB
Training & SA FIPT
Learn More
Tools
Strategic Sourcing Executive Committee Meeting (SSEC) Quarterly Meeting, February 2015, hosted by Mr. Harry Hallock, Army DASA (Procurement) with guest speaker Mr. Ken Brennan, Deputy Director, Services Acquisition.
Defense Procurement and Acquisition Policy
SERVICES ACQUISITION
Presents
SERVICES ACQUISITION TRAINING
June 27 to July 1, 2016 (Tentative)
Southbridge, Massachusetts
Training designed to improve the tradecraft in the acquisition of services.
Facilitated case-study break-out sessions
Government Leaders in Services Acquisition discussing an array of services topics
Includes Senior Service Manager Panels, Requirements/Contracting Officials, Functional Domain Experts
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Welcome
Mr. Kenneth M. Brennan
Deputy Director, Services Acquisition
Mr. Ken Brennan is currently the Deputy Director for Services Acquisition in the office of Defense Procurement and Acquisition Policy. Since May 2013 he has been responsible for the technical and programmatic evaluation and functional oversight of all aspects of Department of Defense (DOD) services acquisition. Read More>>
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Tradecraft